

CALIFORNIA ENERGY COMMISSION

1516 Ninth Street
Sacramento, California 95814

WEBSITES

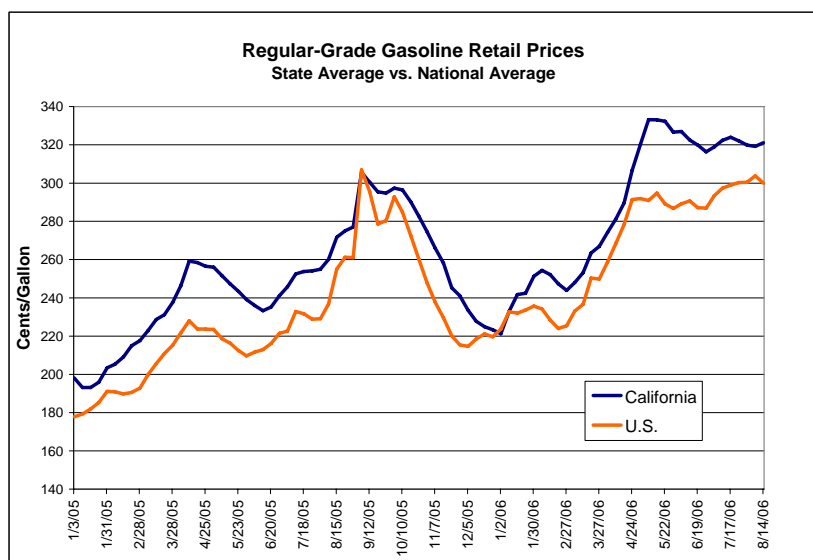
Main website: www.energy.ca.gov

Children's website: www.energyquest.ca.gov

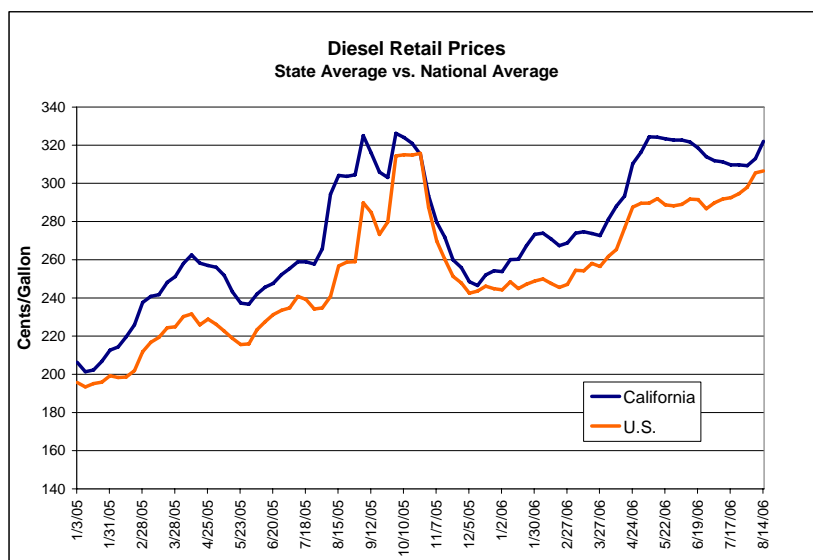
Consumer Information: www.ConsumerEnergyCenter.org

**Petroleum Watch****August 18, 2006*****Retail Gasoline and Diesel Prices on August 14***

- The average statewide **retail price for regular-grade gasoline** increased by 2 cents to \$3.21 per gallon, 12 cents less than the record high of \$3.33 on May 8.ⁱ
- The difference between California and U.S. retail gasoline prices increased to 21 cents per gallon since last week as U.S. prices declined to \$3.00 per gallon.



- The average California **retail diesel price** jumped to \$3.22 per gallon, up 9 cents from the previous week. At the same time, the U.S. retail diesel price rose only 1 cent to \$3.07 per gallon, increasing the difference between California and U.S. prices to 15 cents per gallon.



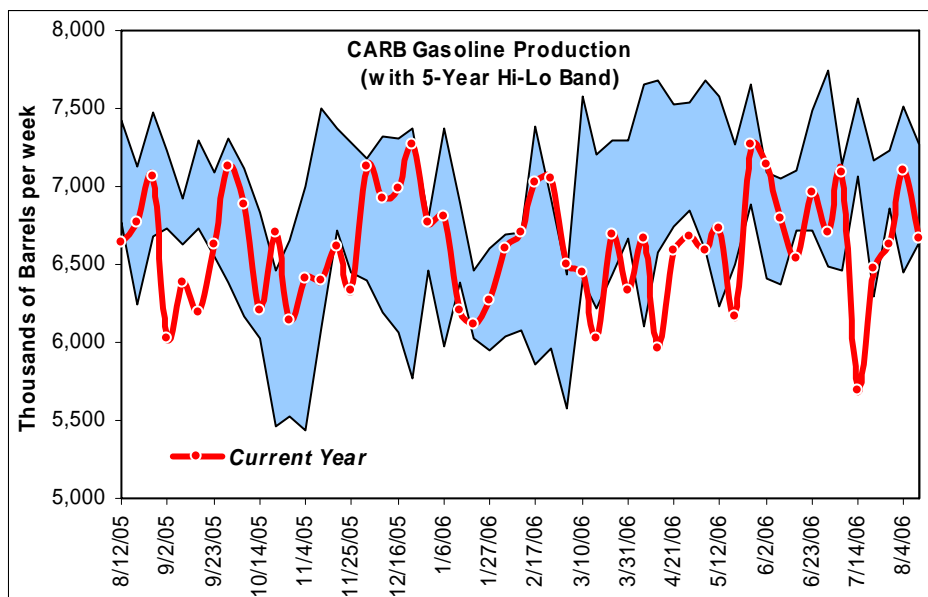
Wholesale Gasoline and Diesel Prices on August 15

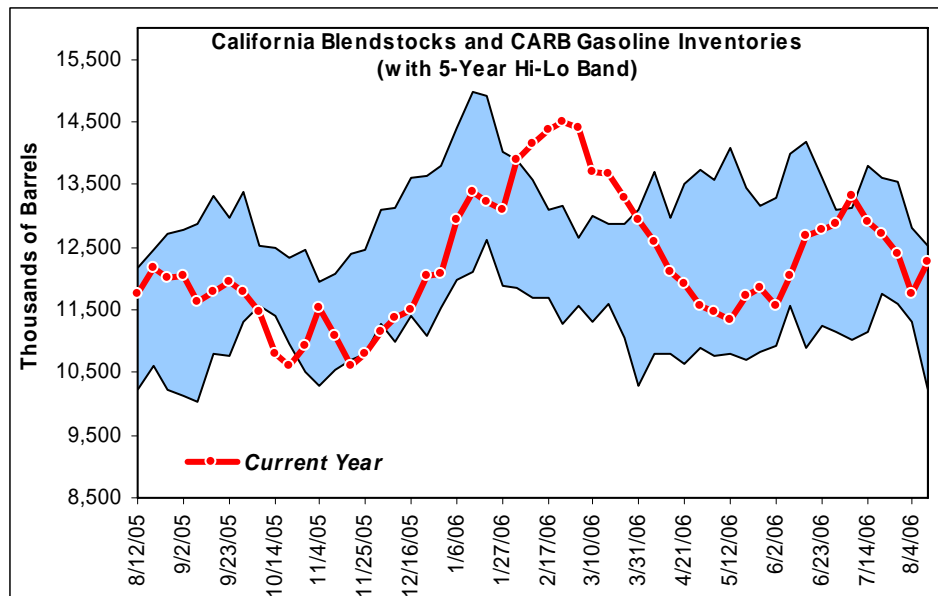
- California spot **wholesale gasoline prices** for regular-grade reformulated blendstock for oxygenate blending (RBOB) dropped to \$2.19 per gallon during the last week, a decrease of nearly 17 cents since August 8. Prices are now 78 cents lower than the record high of \$2.97 on May 2 but still 63 cents more than the 2006 low of \$1.56 on February 14.
- California spot gasoline prices dropped largely due to falling crude oil prices and substantial declines in gasoline prices nationwide as refinery operations across the United States have been relatively undisrupted this month and the hurricane season in the Gulf of Mexico has been milder than initially feared.
- The difference between spot prices for RBOB in Los Angeles and prices elsewhere in the United States nearly doubled over the last week with prices now 14 cents more than New York Harbor and 10 cents more than the Gulf Coast.
- California spot **wholesale low-sulfur diesel prices** ended at \$2.30 per gallon this week, 1 cent less than on August 8. This is 38 cents lower than the record high of \$2.68 on May 3.
- California wholesale low-sulfur diesel prices are 11 cents more than New York Harbor prices after being 4 cents less on August 8.
- The difference between California gasoline and diesel switched from being 5 cents more for gasoline on August 8 to 11 cents less on August 15.
- The Energy Information Administration (EIA) weekly assessment for August 11 reports that **U.S. gasoline demand** fell 1.7 percent from the previous week, while distillate demand fell 2.9 percent. The four-week average demand for gasoline is

9.61 million barrels per day, 1.2 percent more than last year's four-week average. The four-week average for U.S. distillate demand is 4.04 million barrels per day, 0.1 percent more than last year.

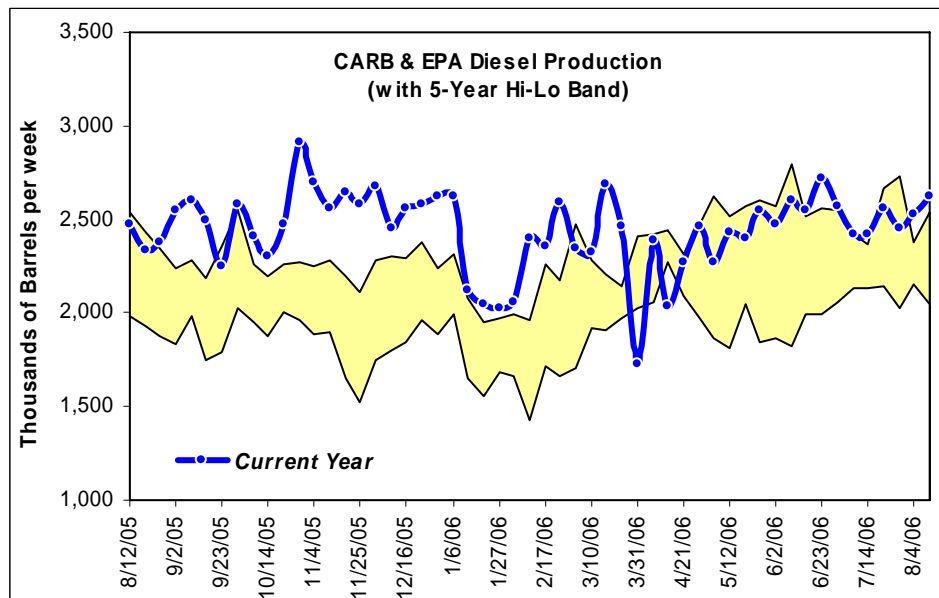
Refinery Production and Inventories

- **Reformulated gasoline production** in California dropped 7 percent since last week to 6.61 million barrels. Production has fallen to the low end of the five-year range.ⁱⁱ
- California reformulated gasoline inventories rose 2.8 percent, and gasoline blendstock inventories grew 5.7 percent during the last week. As a result, **combined inventories** of reformulated gasoline and gasoline blendstocks in the state rose **4.4 percent** to 12.27 million barrels, nearing the upper end of the five-year range.
- U.S. gasoline inventories dropped by 2.3 million barrels to 205.4 million barrels as of August 11. With a small increase, the West Coast region was the only area to show higher gasoline stocks.

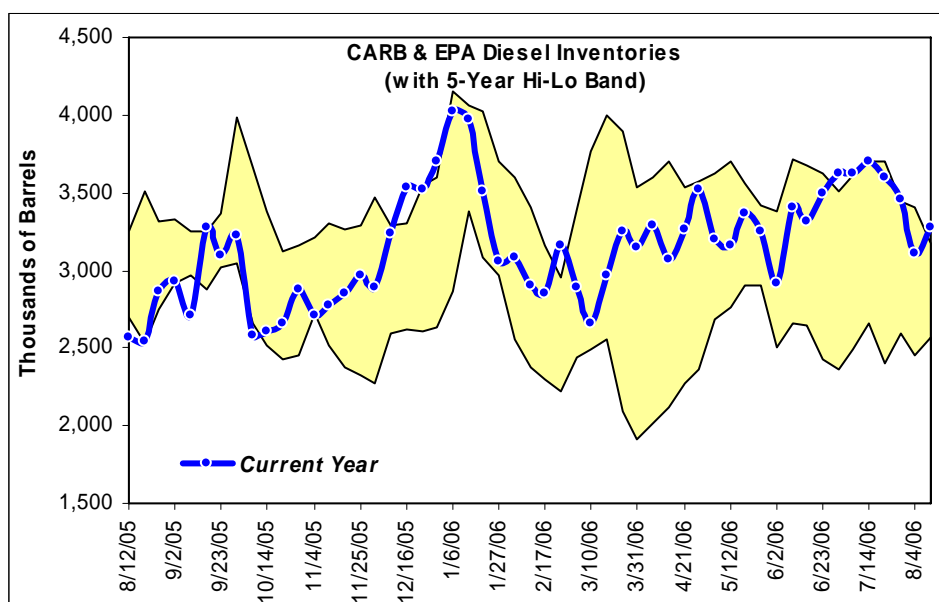




- California low-sulfur **diesel production** during the week ending August 11, including both California diesel and U.S. Environmental Protection Agency (EPA) diesel, increased 4 percent from the previous week to 2.63 million barrels. Output remains well above the five-year range and is 6.4 percent higher than year-ago levels.

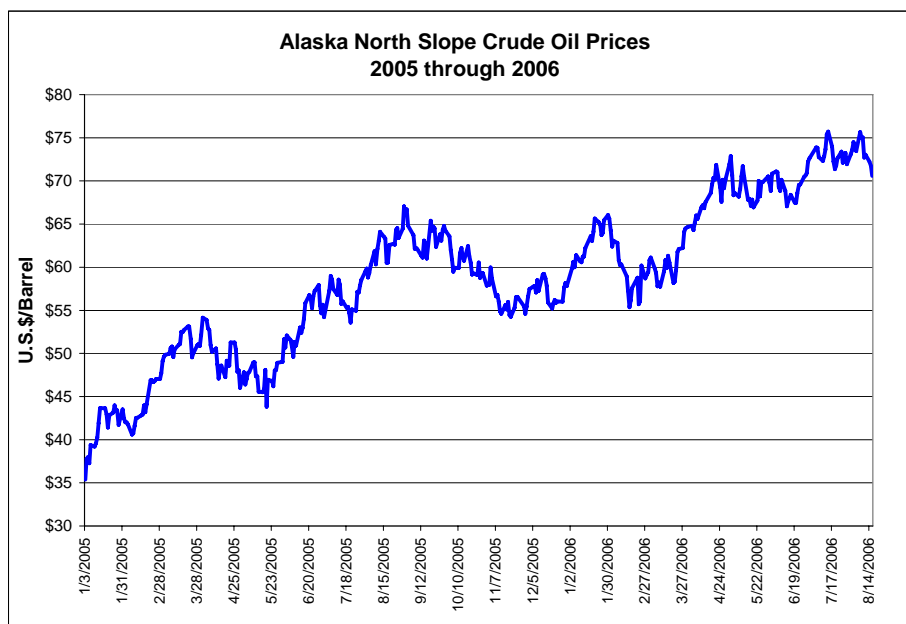


- Combined low-sulfur **diesel inventories** rose 5.4 percent from the previous week to 3.27 million barrels, moving above the five-year range. Total U.S. distillate inventories as of August 11 increased to 133.2 million barrels, 748,000 barrels more than the previous week, with most of the growth in the Midwest and Northeast regions and a slight decline on the West Coast.



Crude Oil Prices and Inventories

- West Coast prices for Alaska North Slope (ANS) crude oil, an important refinery feedstock for California, retreated sharply from the near-record levels of last week. Prices dropped from \$75.05 per barrel as of August 9, following news that an airline terror plot had been averted by British law enforcement, on the assumption that air travel and jet fuel demand would plummet. Several other factors contributed to depressing prices further. BP announced that it would be able to keep crude oil flowing from the western side of its Prudhoe Bay oil fields, nearly cutting in half the amount of production that would be curtailed due to corrosion found in transit pipelines.ⁱⁱⁱ A cease-fire has been agreed upon in Lebanon, halting fighting between Israel and Hezbollah for the time being. The International Energy Agency lowered its crude oil demand growth forecast for the year, production from Iraq's northern oil fields has restarted following repairs to the northern pipeline, and Shell has brought substantial premium quality Bonny Light oil production back up in Nigeria. Lastly, weather reports for the Gulf of Mexico indicate no developing storm systems in the immediate future. The hurricane season is still early, however, and ongoing concerns persist over Nigerian militant groups' activities in the Niger Delta and the August 31 U.N. Security Council resolution deadline for Iran to cease its uranium enrichment program. ANS crude oil prices declined to \$70.59 per barrel as of August 16.^{iv}



- Despite a small decrease in refinery crude oil runs, U.S. commercial crude oil inventories on August 11 fell 1.6 million barrels to 331 million barrels as imports declined and Alaska production fell. However, stocks are still 9.9 million barrels higher than last year and 31 million higher than the five-year average for the date. California crude oil stocks fell 8 percent from the previous week to 14.07 million barrels.

ⁱ Spot wholesale and retail gasoline and diesel prices and U.S. crude oil and product inventory estimates are from the Energy Information Administration of the U.S. Department of Energy.

ⁱⁱ California refinery production and inventory information are from the Petroleum Industry Information Reporting Act (PIIRA) database maintained by the California Energy Commission.

ⁱⁱⁱ Further information on the BP Prudhoe Bay crude oil production curtailment can be found at: <http://www.energy.ca.gov/2006publications/CEC-999-2006-014/CEC-999-2006-014.PDF>.

^{iv} ANS crude oil prices are from *The Wall Street Journal*.